

Message Text

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ACTION COME-00

INFO OCT-01 EA-11 ADP-00 EB-11 FRB-02 XMB-07 OMB-01 STR-08

DOT-00 TRSE-00 L-03 CIEP-02 TAR-02 OPIC-12 CIAE-00

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FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 8403

C O N F I D E N T I A L SEOUL 3930

E. O. 11652: GDS

TAGS : BEXP, ETRN, EGEN, KS

SUBJECT: PROPOSED U. S. AGENDA FOR FIFTH U. S. - KOREAN COMMERCE
MEETING

REF: A. SEOUL 2533 B. STATE 067410

1. WE REVIEWED PREVIOUSLY INDICATED AGENDA ITEMS OUTLINED
REF A WITH MCI AND INDICATED WE WOULD GIVE THEM MORE COMPLETE
LIST IN WRITING AS SOON AS POSSIBLE.

2. MCI REACTION FAVORABLE EXCEPT ON IMPORT RESTRICTIONS,
WHICH THEY INDICATED SHOULD BE LIMITED TO THOSE WHICH HAVE
IMPORTANT AND DEMONSTRATABLE DETERRENT EFFECT ON TRADE. ALSO
THEY WERE OPPOSED TO INCLUSION OF COPYRIGHT PROTECTION, SINCE
THIS IS SOLE RESPONSIBILITY OF MINISTRY OF CULTURE AND PUBLIC
INFORMATION.

3. WE FEEL THIS IS GOOD TIME TO SURFACE NUMBER OF ISSUES
INVOLVING POSSIBILITY OF EXPANDING TRADE AND PARTICULARLY U. S.
EXPORTS TO KOREA. WE THEREFORE SUGGEST FOLLOWING
REVISED LIST OF ITEMS BE INCLUDED ON AGENDA AS PROPOSED
U. S. SIDE.

4. STATUS OF U. S. BANKS. U. S. BANKERS' COMMITTEE HAS
PREPARED PAPER ON RESTRICTIONS APPLIED US BRANCH BANK
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OPERATIONS WHICH REPRESENT PROBLEM OF OPERATION FOR THIS TYPE OF U. S. BUSINESS IN KOREA. WE WOULD SELECT FROM THIS ARRAY ONLY THOSE TWO PARTICULAR RESTRICTIONS WHICH RELATE DIRECTLY TO U. S. BRANCH BANK SUPPORT FOR U. S. KOREAN TRADE AND DISCUSS THEM AS KEY ELEMENTS IN EXPANSION U. S. EXPORTS TO KOREA. FIRST WOULD BE RESTRICTION ON DIRECT PARTICIPATION BY U. S. BANK BRANCHES IN EXIM LENDING, INCLUDING CFF. SECOND WOULD BE RESTRICTION EXPANSION OF U. S. BRANCH BANK RE- REPRESENTATIVE OFFICE IN PUSAN (CHASE, FNCB) INTO FULL BRANCHES. THERE IS PRECEDENT FOR BANK ITEM IN 1971 INTER-MINISTERIAL. WE WOULD USE CURRENT MEETING TO ESTABLISH THESE AS ISSUES REQUIRING NEAR FUTURE SOLUTION. POSITION PAPER SHOULD PROBABLY BE PREPARED HERE.

5. PROBLEMS OF U. S. CARRIERS - U. S. AIRLINES AND OCEAN SHIPPERS FACE VARIETY OF PROBLEMS, SOLUTION OF WHICH WOULD CONTRIBUTE DIRECTLY TO INCREASED TRADE (U. S. EXPORTS). ONE OF THESE IS RESTRICTION ON CARRIERS' RIGHT TO RECEIVE PAYMENT IN LOCAL CURRENCY AND CONVERT TO DOLLARS. ANOTHER IS PRE- COLLECTION OF FREIGHT CHARGES AND HANDLING OF INBOUND SHIPMENTS ON CIF RATHER THAN FOB BASIS (COMPETITIVELY ADVANTAGEOUS TO NEARBY JAPAN). A THIRD IS A RESTRICTION ON RIGHTS OF U. S. CARRIERS TO BRING CONTAINER CARGO TO KOREA FROM U. S. BY FEEDER VESSELS FROM JAPAN (SHIPMENT VIA THIRD COUNTRIES). FIRST OF THESE (LOCAL CURRENCY COLLECTION) APPARENTLY ON WAY TO SOLUTION, SO WE WOULD RAISE IT ONLY IF UNRESOLVED AT TIME OF CONFERENCE AND SIMPLY NOTE PROGRESS TOGETHER WITH HOPE FOR EARLY SOLUTION. WE WOULD ASK FOR STUDY AND CONSIDERATION ON OTHERS. EMBASSY WILL PREPARE TALKING PAPER.

6. U. S. INSURANCE, ACCOUNTING AND ADVERTISING FIRMS.

THIS IS FOLLOW UP ON FOURTH INTER- MINISTERIAL MEETING ITEM. SOME PAPERS COULD BE USED WITH REFURBISHMENT BY AIU AND AFIA. COMMERCE SHOULD PREPARE PAPER.

7. NON- TARIFF BARRIERS. WE BELIEVE THIS FORUM APPROPRIATE TO BEGIN EXAMINATION OF KOREAN NON- TARIFF BARRIERS.

AS STARTER, AND INDICATION OF TYPES OF ISSUES INVOLVED, WE
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WOULD RAISE IMPORT DEPOSIT REQUIREMENT WHICH HAS EFFECT OF FAVORING JAPAN. EMBASSY WOULD PREPARE TALKING PAPER.

8. TRADE GROUPS AND MISSIONS. WE WOULD TAKE NOTE OF NEW U. S.- KOREAN BUSINESS ASSOCIATION, VISIT OF DPM TO U. S., FALL BUYING MISSION, KENNEDY MISSION, AND MACHINE INDUSTRY CONFERENCE. WE WOULD CONGRATULATE KOREANS ON THEIR CONTRIBUTION

TO MUTUAL EFFORT TO REACH MORE BALANCED TRADE AND
POINT TO CONTINUING NEED TO FOCUS ON PRACTICAL WAYS TO INCREASE
U. S. EXPORTS. COMMERCE COULD PREPARE PAPER.

9. SIXTH INTER- MINISTERIAL MEETING. WE SHOULD BE PREPARED
DISCUSS TIMING FOR U. S. HOSTING THIS EVENT.

10. TRADE CENTER - SECRETARY DENT WOULD ANNOUNCE READINESS
TO MOVE FORWARD IN ESTABLISHMENT OF DISPALY CENTER.

11. KOREANS PREPARING THEIR AGENDA SUGGESTIONS WHICH THEY
WILL HAVE READY IN DAY OR TWO. IN THIS CONNECTION WE HAVE
ASKED FOR MORE DETAILS ON SUGGESTIONS FOR KOREAN- AMERICAN
BUSINESS INSTITUTE TO TEACH KOREANS HOW TO DO BUSINESS WITH
AMERICANS.

12. ACTION REQUESTED: COMMERCE VIEWS ON ABOVE AGENDA ITEMS
NEEDED SOONEST SO THAT WE CAN PRESENT OUTLINE TO MCI.
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